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85-094

Central Intelligence Agency



Washington, D.C. 20505

SS 0264/1

Mr. W. D. Campbell, Regional Manager
Norfolk Regional Office
U.S. General Accounting Office
Virginia Beach, VA 23455

Attention: Mr. Larry Peacock

Dear Mr. Peacock:

The Director of Central Intelligence asked me to complete the questionnaire enclosed with Mr. William J. Anderson's letter to him of 14 January 1985.

Because the security protection of this Agency's intelligence sources and methods would be compromised by a full disclosure of all of our productivity enhancing investment initiatives, it is necessary that this response be limited to a discussion of our New Building Project.

This project involves the construction of a 1.1 million square foot office building; erecting a 2,500 car parking deck; renovating an existing powerhouse; constructing two security checkpoints; providing the facility with necessary data processing, security, and communications facilities; and actually moving dispersed components into the new building.

I hope this response adequately addresses your request for information. Should you have additional questions, please call me on the number indicated on the questionnaire.

Sincerely,

Harry E. Fitzwater
Deputy Director
for
Administration

Enclosure

OL 2012-85

Mr. W. D. Campbell

CONCUR:

STAT

1/31/85
Date

STAT

1/31/85
Date

STAT

OL/NBP

(29 Jan 85)

Distribution:

- Orig - Addressee (w/enc)
- 2 - DDA (w/enc)
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U.S. GENERAL ACCOUNTING OFFICESURVEY OF FEDERAL EFFORTS TO IMPROVE
PRODUCTIVITY THROUGH CAPITAL INVESTMENT PROGRAMSINTRODUCTION

The U.S. General Accounting Office is conducting a survey of federal efforts to improve productivity through capital investments. This survey will enable us to develop an inventory of productivity enhancing capital investment programs in federal agencies and obtain indications of the potential for starting new programs.

This questionnaire is being sent to each of the federal departments and agencies which are considered to have capital expenditures and budgets sufficiently large enough to have, or have the potential for, formal efforts or programs directed toward identifying and promptly funding fast payback capital investments with high potential for improving productivity. We are interested in investments in equipment and facilities (buildings) that are not **STAT**ine replacements, but directed toward more innovative productivity enhancements.

Please complete the questionnaire and return it in the enclosed pre-addressed envelope by January 31, 1985. Should you have any questions concerning the questionnaire or our study in general, please contact Larry Peacock at (804) 441-6621 (FTS 927-6621) or Horace Kreitzman at (202) 275-2156 (FTS 275-2156).

Return the questionnaire to:

Mr. W.D. Campbell, Regional Manager
Norfolk Regional Office
U.S. General Accounting Office
5705 Thurston Avenue
Virginia Beach, Virginia 23455
ATTN: Larry Peacock

Thank you for your help.

Please fill in the following information about the individual responsible for completing the questionnaire in the event that clarification and/or additional information are needed.

Name: Mr. Harry E. Fitzwater

Position: Deputy Director for Administration
Central Intelligence Agency

Address: Washington, D.C. 20505

Telephone:
(Area Code and Number)

DEFINITIONS

Productivity enhancing capital investments are defined for the purpose of this questionnaire as those investments in labor saving equipment, facilities, or systems which are self-amortizing--i.e., they generate labor cost savings that are sufficient to recoup the investment cost within a reasonable period of time.

Fast payback capital investments generally refer to those capital investments which accrue labor and/or other cost savings, and provide a quick return on investment (some organizations use a specific period, such as 2 years, as the maximum length of time for self-amortization of the investment to qualify as a fast payback capital investment).

GENERAL

1. What are your department's/agency's total actual (1980-1984) and projected (1985-1990) capital expenditures for facilities and equipment? (If actual is not available for fiscal year 1984, please provide an estimate.)

TOTAL CAPITAL INVESTMENT EXPENDITURES

	Fiscal year	Amount for facilities \$(000)	Amount for equipment \$(000)	Total \$(000)
1.	1980 (actual)			
2.	1981 (actual)			
3.	1982 (actual)			
4.	1983 (actual)			
5.	1984 (actual)	34,760	54	34,814
6.	1985 (projected)	138,195	18,681	156,876
7.	1986 (projected)	2,500	11,613	14,113
8.	1987 (projected)	4,500	21,109	25,609
9.	1988 (projected)		11,120	11,120
10.	1989 (projected)		7,444	7,444
11.	1990 (projected)		2,778	2,778

2. Does your department/agency identify capital equipment separately in the budget?

1. ☒ Yes
2. ☐ No

3. Please list below the principal product(s)/service(s) produced by your agency with the majority of your capital investment expenditures for facilities and/or equipment shown in Question 1 above. (Please attach additional pages, if necessary.)

No specific products. However, expansion permits consolidation resulting in \$20 million in annual savings.

PRODUCTIVITY IMPROVING CAPITAL INVESTMENT PROGRAMS UNDER WAY

4. Does your department/agency have any special or separately identified efforts or programs directed toward improving productivity through capital investments?

1. ☒ Yes
2. ☐ No (Skip to question 17.)

If there is more than one program, please duplicate the questionnaire, as necessary, and respond to Questions 5-16 for each program.

5. Please provide the following information about who is responsible for your productivity enhancing capital investment programs.

Name: Mr. Harry E. Fitzwater

Title: Deputy Director for Administration

Organization: Central Intelligence Agency

Address: Washington, D.C. 20505

Telephone: (Area code and number)

6. Does your program include provisions for funding facilities and equipment? (Please check one box in each row.)

- | | Yes | No |
|----------------|-------------------------------------|--------------------------|
| 1. Facilities: | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Equipment: | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

7. Is your formal productivity improvement program separately funded or financed so that these investments do not compete with routine budget requirements?

1. ☒ Yes
2. ☐ No

8. Who in your department/agency has the authority to approve the funding for proposed productivity enhancing capital investments? (Check all that apply.)

1. ☒ Assistant Secretary/Comptroller
2. ☐ Capital investment program manager
3. ☐ Program/department/division manager
4. ☐ Other (please specify)

9. Please provide the total amount of funds spent (actual and projected) for capital investments implemented under the formal program or approved for the purpose of enhancing productivity for fiscal years 1980 through 1990. (If actual is not available for fiscal year 1984, please provide an estimate.)

PRODUCTIVITY ENHANCING CAPITAL INVESTMENT
EXPENDITURES

	Fiscal Year	Amount for faci- lities \$(000)	Amount for equipment \$(000)	Total \$(000)
1.	1980 (actual)			
2.	1981 (actual)			
3.	1982 (actual)			
4.	1983 (actual)			
5.	1984 (actual)	34,760	54	34,814
6.	1985 (projected)	138,195	18,681	156,876
7.	1986 (projected)	2,500	11,613	14,113
8.	1987 (projected)	4,500	21,109	25,609
9.	1988 (projected)		11,120	11,120
10.	1989 (projected)		7,444	7,444
11.	1990 (projected)		2,778	2,778

10. Please provide the current amount (cost) of any backlog of identified productivity enhancing capital investment opportunities for which funding is not available. (If actual is not available, please provide an estimate and check the appropriate box. If none, enter "0".)

- | | | Actual | Est. |
|-------------------------|--------------------------|--------------------------|------|
| 1. For facilities: \$ 0 | <input type="checkbox"/> | <input type="checkbox"/> | |
| 2. For equipment: \$ 0 | <input type="checkbox"/> | <input type="checkbox"/> | |

3

11. Is there a separate system or process (set of procedures) for obtaining approval of capital investments proposed for the productivity enhancing program?

1. ☐ Yes
2. ☒ No

12. Is there a formal mechanism or set of procedures for tracking the productivity improvements and other benefits resulting from the investments?

1. ☒ Yes (Continue)
2. ☐ No (Skip to Question 14)

13. If you track program benefits, please provide the total cost savings and other benefits, if any, realized from the productivity enhancing capital investment program for fiscal years 1980 through 1984. (Please add additional pages if necessary to provide the information. If actual is not available for fiscal year 1984, please provide an estimate.)

PRODUCTIVITY ENHANCING CAPITAL INVESTMENT
PROGRAM COST SAVINGS

	Fiscal year	Cost Savings from Facilities Investments \$(000)	Equipment Investments \$(000)	Total \$(000)
1.	1980			
2.	1981			
3.	1982			
4.	1983			
5.	1984			

6. Other benefits (please list).

Anticipated savings begin to accrue
in FY-1986

(SKIP TO QUESTION 15)

14. If you do not track program benefits, is the return on investment computed for each investment directed toward improving productivity?

1. ☐ Yes
2. ☐ No

15. How long has your oldest productivity enhancing capital investment effort or program been in effect? (Please check only one.)

1. ☒ 1-3 years (Skip to Question 21.)
2. ☐ 4-6 years
3. ☐ 7-9 years
4. ☐ 10-12 years
5. ☐ Other (please explain) _____

16. If your program has been under way for more than 3 years, to what do you attribute its continuance? (Please check all that apply.)

1. ☐ Management emphasis and support
2. ☐ Adequate funding of the program.
3. ☐ Continuing need to reduce costs of department/agency operations.
4. ☐ Incentives to department/division managers (Please explain or list the type of incentives under Item 5 below.)
5. ☐ Other (Please list or explain.) _____

(SKIP TO QUESTION 21)

POTENTIAL FOR STARTING A FORMAL EFFORT
(PROGRAM) TO IMPROVE PRODUCTIVITY
THROUGH CAPITAL INVESTMENTS

17. Do you consider your department/agency to have the potential for establishing a formal effort or program directed toward improving productivity through capital investments?

1. ☐ Yes (Continue)
2. ☐ No (Skip to Question 21.)

18. Has your department/agency ever considered establishing a capital investment program directed primarily toward fast payback and/or productivity enhancing opportunities?

1. ☐ Yes (Continue)
2. ☐ No (Skip to Question 21.)

19. If you answered yes to question 18, which of the following, if any, were the reasons for not proceeding with a program? (Please check all that apply.)

1. ☐ Budget limitations
2. ☐ Insufficient potential
3. ☐ Still under consideration
4. ☐ Other (please specify) _____

20. Please estimate the amount (cost) of productivity enhancing capital investment opportunities available in your department/agency which have not been funded. (If none, enter "0".)

1. For facilities: \$ _____

2. For equipment: \$ _____

OTHER INFORMATION

21. If you have additional comments regarding any previous question or general comments concerning federal efforts to improve productivity through capital investment programs, please use the space below or attach additional sheets.

This response relates only to the Central Intelligence Agency's New Building Project. Security protection of this Agency's intelligence sources and methods precludes the discussion of other investment initiatives.

It should be noted that in addition to the investment expenditures displayed on page 3 of this questionnaire, \$74.1 million will be expended between 1983 and 1990 for personnel costs, contractual services, security and administrative support, and architectural and engineering services.

Thank you for your help.

MMS/12-84

ROUTING AND TRANSMITTAL SLIP

Date

1/23/85

TO: (Name, office symbol, room number, building, Agency/Post)		Initials	Date
1. D/LOGISTICS			
2.			
3.			
4.			
5.			
Action	File	Note and Return	
Approval	For Clearance	Per Conversation	
As Requested	For Correction	Prepare Reply	
Circulate	For Your Information	See Me	
Comment	Investigate	Signature	
Coordination	Justify		

REMARKS

#1 - FOR ACTION

to EO/DDA to D/comp/coll

(PLS PREPARE DIRECT RESPONSE WITH A
DROP COPY TO ES AND EO/DDA.)

SUSPENSE: 30 JANUARY 85

Dan:

I discussed this questionnaire with [] and Danny Childs. Danny suggests we report this new building investment because it's so visible. It would be counter-productive to stonewall on the new building. Suggest

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

	t)	Room No.—Bldg.
		Phone No.

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

EXECUTIVE SECRETARIAT
ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA	X			
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO				
20					
21					
22					

SUSPENSE 30 Jan 85
Date

Remarks

For direct response please, info cy to ES.

3637 (10-81)

Date



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

Executive Registry
85- 213

January 14, 1985

85-0264

The Honorable William J. Casey, Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Casey:

The U.S. General Accounting Office, an agency of the Congress is conducting a survey of federal efforts to improve productivity and reduce costs through capital investment programs. The objective of our survey is to identify those formal programs and/or funds established to facilitate investments in labor saving facilities and equipment. Special funds or set-aside programs for capital investments which offer substantial productivity improvements and related cost savings, for example, have been used by private industry for many years and were begun by the Department of Defense in the 1970's.

We have prepared the attached questionnaire to assist us in obtaining information we need to (1) develop an inventory of productivity enhancing capital investment programs in the federal government, and (2) obtain indications of the potential for starting new programs for those agencies that currently don't have such programs. We are asking that we be given the name(s) of the official(s) in your department/agency whom we can contact should we desire further information on any programs underway or the potential for establishing such programs.

Please complete the questionnaire and return it, by January 31, 1985, in the business reply envelope provided. If you would like to clarify or qualify your responses, please use the response space after question 21. Should you have any questions concerning the questionnaire or our study in general, contact Larry Peacock at (804) 441-6621 (FTS 827-6621) or Horace Kreitzman at (202) 275-2156 (FTS 275-2156).

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "William J. Anderson".

William J. Anderson
Director
General Government Division

Enclosures

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